

Message Text

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ACTION IO-14

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NSC-10 SPC-03 SAM-01 SS-20 RSC-01 EUR-25 NEA-10 H-03

CIAE-00 INR-10 NSAE-00 DODE-00 DRC-01 /119 W

----- 078284

P R 010806Z MAR 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC PRIORITY 1087

INFO CINCPAC FT SHAFTER HAWAII

C O N F I D E N T I A L BANGKOK 3450

E.O. 11652: GDS

TAGS : AORG, AFIN, SEATO

SUBJECT : ESTIMATED FY 75 SEATO BUDGET ESTIMATES

ATTN: IO/EX/FMC

REFS: (A) BANGKOK 2939 (NOTAL)

(B) STATE 37557 (NOTAL)

(C) BANGKOK A-1, ITEM 4

1. RE PARA 1 REFTEL B, SEATO DOES NOT INTEND BREAK OUT MILITARY EXPENDITURES FROM EACH CHAPTER OF COMBINED BUDGET SINCE IT WOULD BE VIRTUALLY IMPOSSIBLE ARRIVE AT ACCURATE AMOUNTS DUE TO COMPLETE INTEGRATION OF CIVILIAN AND MILITARY STAFFS WHICH BECAME EFFECTIVE JANUARY 31. IN COMPLETELY INTEGRATED ORGANIZATION, SUCH SERVICES AS LOCAL EMPLOYEE SUPPORT, REPRESENTATION, COMMO, LOCAL TRANSPORT, OFFICE EXPENSES, PRINTING, ETC., ARE NOW SHARED BY BOTH CIVIL AND MILITARY PERSONNEL.

2. SEATO ESTIMATES THAT ROUGHLY SEVEN PERSENT OF ESTIMATED FY75 BUDGET OF \$1,490,650. OR \$104,346, WOULD BE FOR MILITARY EXPENDITURES, THEREBY LEAVING THE FY75 CIVIL PORTION AT \$1,386,304. GIVEN THE SHARP DECLINE IN MILITARY ACTIVITIES AND STAFF,THIS PERCENTAGE
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WOULD APPEAR ABOUT RIGHT. (IN FY 73 AND FY 74, MILITARY

BUDGETS REPRESENTED SLIGHTLY UNDER 15 PERCENT OF TOTAL CIVIL AND MILITARY BUDGETS.)

3. RE PARA 2 REFTTEL B, MATTER OF NEW COST SHARING PERCENTAGES NOT RESOLVED AS YET. SECGEN IN DECEMBER PROPOSED TWO POSSIBLE NEW BUDGET SHARING FORMULAS (SEE REF C). THESE PROPOSED FORMULAS WOULD ENTAIL US PAYING EITHER 31.2 OR 31.8 PERCENT OF BUDGET. WHILE OTHER MEMBERS ARE NOT CONCERNED ABOUT PROPOSED PERCENTAGE INCREASES, AUSTRALIA, NEW ZEALAND AND UK HAVE GENERALLY MADE IT KNOWN THAT THEY WILL NOT PAY MORE IN ACTUAL CONTRIBUTIONS THAN IN FY 74.

4. EMBASSY FULLY AWARE THAT ANY INCREASE IN US SHARE OVER 25 PERCENT CAN BE EXPECTED CAUSE PROBLEM WITH CONGRESS, ALTHOUGH WE ARE NOT CLEAR WHETHER THIS ENTIRELY RULES OUT PERCENTAGE INCREASE. SUBJECT TO THIS CONDITION, IT WOULD APPEAR THAT WE HAVE THREE OPTIONS OPEN TO US OTHER THAN AGREEING WITH THE SECGEN'S PROPOSALS:

A. STANDING FIRM AT 25 PERCENT WHICH WOULD MEAN THAT REMAINING FIVE PAYING MEMBERS WOULD HAVE TO MAKE UP REQUIRED 21.5 PERCENT CAUSED BY PAKISTAN WITHDRAWAL AND FRENCH NONPAYMENT EFFECTIVE FY 75. (IN SUCH CASE WE WOULD STILL REMAIN HIGHEST CONTRIBUTOR.)

B. PROPOSING STRAIGHT ARITHMETIC INCREASE FOR EACH MEMBER RATHER THAN THOSE PROPOSED WHICH ARE PRO RATED. (THIS WOULD RAISE OUR CONTRIBUTION TO 28.6 PERCENT.)

C. NOT AGREEING TO ANY NEW COST SHARING PERCENTAGE BUT, INSTEAD, INFORMING SEATO THAT WE WILL NOT CONTRIBUTE ANY MORE FOR FY 75 THAN OUR TOTAL CIVIL AND MILITARY BUDGET CONTRIBUTIONS THIS YEAR WHICH ARE NOW ASSESSED AS BEING \$417,772.72 FOLLOWING INTEGRATION. IF WE TOOK THIS POSITION, IT COULD BE EXPECTED THAT ALL OTHER MEMBERS WOULD LIKewise LIMIT THEIR CONTRIBUTIONS TO THOSE MADE TOWARD FY 74 BUDGET WHICH WOULD REQUIRE THAT TOTAL FY 75 BUDGET WOULD HAVE TO DROP TO \$1,311,806.41; IN THIS EVENT OUR CONTRIBUTION WOULD, HOWEVER, ACTUALLY REPRESENT 31.85 PERCENT OF THE BUDGET.

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5. BASED ON ABOVE INFORMATION, BELIEVE DEPT SHOULD ADVISE CONGRESS THAT MATTER OF NEW COST SHARING PERCENTAGES AMONG MEMBERS STILL UNDER NEGOTIATION. EMBASSY WOULD BE WILLING PURSUE OPTIONS OUTLINED PARA 4 (A) AND (B) IN THAT ORDER BEFORE FALLING BACK, IF NECESSARY, ON (C). LATTER OPTION, OF COURSE, WOULD BE FOR OTHER MEMBERS MOST PALATABLE ALTERNATIVE TO SECGEN'S PROPOSAL THAT OUR

CONTRIBUTION BE FIXED AT 31.8 PERCENT. GUIDANCE REQUESTED AS
TO OPTIONS TO PURSUE.

6. THIS MESSAGE COORDINATED WITH USMILADREP.
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